

Ekati Mine Sells to Burgundy for \$136M



Australia-based Burgundy Diamond Mines has agreed to purchase 100% of Arctic Canadian Diamond Company's assets, including the Ekati deposit in Canada.

Burgundy will also acquire Arctic Canadian Diamond Marketing, which handles supply-chain management and the sorting, marketing and selling of rough, the Australian company said Tuesday. It will pay a total of \$136 million for the Northwest Territories-based business, with the deal expected to close in late April or early May following approval from Burgundy's shareholders, it added.

"This is an exciting and transformational acquisition for Burgundy, with potential to generate significant and growing returns for our shareholders," said Burgundy CEO Kim Truder. "The acquisition of Ekati is complementary to Burgundy; we've been purchasing rough fancy-colored diamonds from Ekati in recent years, then cutting and polishing them in our facilities in Perth [Western Australia] to go into high-end jewelry designs as part of our vertically integrated business model."

To fund the venture, the miner, which also owns the Ellendale and Blina projects in Australia, will conduct an equity-raising round, it explained. Its payment to Arctic will be broken into three parts: \$21 million in Burgundy shares, \$15 million in cash, and the repayment of the majority of Arctic's outstanding debt, equal to \$100 million.

Burgundy has also agreed to pay Arctic \$7.5 million in cash in the first quarter of 2024 if 2023 earnings before interest, taxes, depreciation and amortization (EBITDA) reach \$200 million or more. It has made the same arrangement for the first quarter of 2025.

The purchase will make Burgundy the largest diamond company listed on the Australian Securities Exchange (ASX) and one of the largest globally, the company noted.

Last year, Arctic sold 4.2 million carats of rough from Ekati at an average price of \$117 per carat, for total revenue of \$494 million. The mine, which has approximately 1,100 employees, is due to reach the end of its life span in 2028.

"I believe that this transaction is a significant positive development for Ekati and for the [Northwest Territories]," said Arctic CEO Rory Moore.

"This equity-based investment by Burgundy will greatly improve the financial foundation of the company and our goal of extending mine life at Ekati," added chief financial officer Kristal Kaye.

The purchase marks the second [sale](#) of Ekati in two years. Arctic bought the asset from Dominion Diamond Mines in February 2021 after Dominion fell too heavily into debt to continue to run the deposit.

Image: The Ekati mine. (Dominion Diamond Mines)